

11-1972

Woman CPA Volume 34, Number 6, November, 1972

American Woman's Society of Certified Public Accountants

American Society of Women Accountants

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Recommended Citation

American Woman's Society of Certified Public Accountants and American Society of Women Accountants (1972) "Woman CPA Volume 34, Number 6, November, 1972," *Woman C.P.A.*: Vol. 34 : Iss. 6 , Article 7. Available at: <https://egrove.olemiss.edu/wcpa/vol34/iss6/7>

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REVIEWS

Writings in Accounting

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***The Federal Income Tax: Its Sources and Applications, Second Edition*, Clarence F. McCarthy, Billy M. Mann, and William H. Gregory; Prentice-Hall, Inc., Englewood Cliffs, N.J., 1971; 740 pages, \$11.95 (cloth-cover).**

An encyclopedic volume, this, starting with a history of United States income taxes (the first appeared with the Civil War), a brief nod to Adam Smith's four maxims for evaluating a "good" tax (in "The Wealth of Nations"), a bird's-eye view of the entire income tax system, and then on to descriptions of specific tax return forms and detailed discussion of the accounting concepts involved. The authors, all from Arthur Andersen & Co., have brought their original text up to date through the Tax Reform Act of 1969.

Accounting language, rather than IRS circumlocution, helps with the semantics for an array of situations within broad categories such as depreciation, gross income, capital gains, deferred compensation, etc. Reference to Revenue Code sections accompanies situation details, and many court rulings are cited to show precedent for current IRS interpretation.

The book is indexed by subject, by court cases quoted, and by Internal Revenue Code Section and paragraph number.

Constance T. Barcelona
The Camargo Club

***Modern Computer Concepts*, Edward J. Laurie; South-Western Publishing Company, Cincinnati, Ohio; 1970.**

This book of approximately 900 pages contains one or more pictures or illustrations on every page. Early chapters discuss types of computers, the logical structure, internal information flow, and internal storage. Unit record equipment, univac, block diagrams, and flowcharting are also discussed.

Five chapters relate to the IBM 360 system directly and are more computer science oriented than business oriented, although an overview of these chapters is helpful in understanding how information flows through the system.

Five languages, their similarities and differences, are described in enough detail so that the beginner can write programs as well as understand their compilation and use.

A "capstone" chapter describes terminal limitations, direct communication devices, the data bank, redefinition of controls, and computer generations.

The last approximately hundred pages are devoted to appendices, including a glossary of terms, flowcharting symbols, standard codes of various types, IBM 360 operation codes, IBM 360 channel summaries, and tables useful for reference.

Each chapter has questions and suggested additional readings. Concepts are stressed, and the style of writing is such that a person not knowledgeable in data processing can understand the material.

Dora Herring, CPA
Mississippi State University

"The Quality of Earnings," William Blackie; Financial Executive, July 1972.

Most students of accounting are familiar with the author of this article, since he has been a prolific writer during his career with Caterpillar Tractor Co. His latest article deals with earnings of the corporation. Contrary to what seems to be the general trend, Mr. Blackie holds to the position that, when in doubt, earnings of the corporation should be conservatively stated. This at a time when those who are concerned with accounting principles seem occupied with guarding against over-statement of earnings by the firms!

Mr. Blackie's concern is less with the effect on the investor and more with effect on management. He wishes to guard against the real dangers which come when management bases its decisions on inflated figures. He suggests that conservatism in determination of earnings (within the limits of alternatives allowed by generally accepted accounting principles) is in the best interest of both management and the stockholders.

M. E. D.